

Message Text

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ACTION EUR-25

INFO OCT-01 ARA-16 EA-11 ISO-00 EURE-00 SPC-03 SAM-01

AID-20 EB-11 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20

STR-08 OMB-01 CEA-02 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 L-03 H-03 PA-04

PRS-01 USIA-15 DRC-01 /197 W
----- 046042

P R 151315Z FEB 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 0467

INFO AMEMBASSY SANTIAGO

AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY BUENOS AIRES

C O N F I D E N T I A L SECTION 01 OF 02 BONN 02540

E.O. 11652: GDS

TAGS: EFIN, CI, GW

SUBJECT: CHILEAN DEBT RESCHEDULING MEETING

1. SUMMARY. FRG IS CURRENTLY FORMULATING ITS
POSITION FOR THE FORTHCOMING PARIS CLUB MEETING.
IT WOULD WELCOME AN EARLY INDICATION OF THE US
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POSITION FOR THE MEETING. END SUMMARY.

2. EMBOFF DISCUSSED THE FORTHCOMING CHILEAN DEBT RESCHEDULING MEETING WITH GEHRING, THE FRG'S DEBT RESCHEDULING EXPERT. GEHRING SAID FRG POLICY TOWARD CHILE WAS A SENSITIVE POLITICAL ISSUE WITHIN GERMANY AND HE HAD TO TREAD VERY CAREFULLY IN FORMULATING THE FRG POSITION FOR THE PARIS CLUB MEETING. HE SAID THAT AS LONG AS THE GERMAN POSITION DID NOT VARY TOO MUCH FROM THE TRADITIONAL DEBT RESCHEDULING POLICY HE COULD GET CLEARANCE WITHIN THE GOVERNMENT AT A FAIRLY LOW LEVEL AND THAT PROVIDED FEW PROBLEMS FOR HIM. HE SAID THAT IF HE WERE FORCED TO SEEK APPROVAL FOR THE GERMAN POSITION AT THE INTER-MINISTERIAL LEVEL IT COULD PROVOKEAN OVERALL REVIEW OF FRG DEBT RESCHEDULING POLICY TOWARD CHILE HOWEVER WHICH MIGHT RESULT IN A MUCH TOUGHER GERMAN POSITION.

3. GEHRING SAID THERE WERE TWO CONTINGENCIES WHICH COULD FORCE HIM TO SEEK SUCH INTER-MINISTERIAL APPROVAL. THE FIRST WOULD BE IF THE TERMS OF THE RESCHEDULING WERE ABNORMALLY CONCESSIONAL; THE SECOND WOULD BE IF THE RESCHEDULING AGREEMENT WERE CLOSELY LINKED TO A CALL FOR THE RESUMPTION OF AID TO CHILE. ON THIS LATTER POINT, GEHRING REMARKED THAT IN HIS PERSONAL VIEW IT WAS HIGHLY UNLIKELY THAT THE FRG WOULD GRANT ANY NEW ASSISTANCE TO CHILE IN 1974 AND PERHAPS NOT IN 1975.

4. GEHRING SAID HE ANTICIPATES GREAT DIFFICULTY IN OBTAINING AN AGREED CREDITOR POSITION AT THE PARIS MEETING DUE TO THE WIDE DIVERGENCE OF VIEWS. HE PICTURED THE US AT ONE END OF THE SPECTRUM AND FRANCE AT THE OTHER. HE SAID THE FRENCH HAD RAISED THE CHILE DEBT RESCHEDULING ISSUE DURING THE RECENT FRANCO-GERMAN BILATERAL TALKS AND HAD EXPRESSED THEIR STRONG OPINION THAT COMMERCIAL DEBTS SHOULD BE RESCHEDULED ON COMMERCIAL TERMS. GEHRING SAID FLATLY THAT THE ITALIANS WOULD NOT ATTEND THE MEETING. IN RESPONSE TO

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EMBOFF'S QUESTION, GEHRING SAID THE FRG INTENDED TO INCLUDE THE ISSUE OF ITS GUARANTEE PAYMENTS

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FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 0468

INFO AMEMBASSY SANTIAGO

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 02540

TO EXPROPRIATED GERMAN FIRMS IN THE PARIS CLUB
TALKS.

5. GEHRING SAID THAT THERE WILL CLEARLY HAVE TO BE
TWO PARIS CLUB MEETINGS BEFORE A RESCHEDULING CAN
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BE AGREED UPON. HE SAID HE TOLD THE CHILEANS THIS
DURING THE RECENT VISIT OF AN ECONOMIC TEAM
AND THEY EXPRESSED THE HOPE THAT THE ENTIRE PROCESS
COULD BE WRAPPED UP VERY QUICKLY.

6. GEHRING SAID HE HAD HOPED THE PARIS MEETING COULD
BEGIN ON WEDNESDAY THE 20TH. HE SAID IT WOULD BE
USEFUL TO GET TOGETHER WITH DEPUTY ASSISTANT
SECRETARY LARSON AND THE US DELEGATION ON WEDNESDAY
TO HAVE AN EARLY EXCHANGE OF VIEWS. HE SAID HE
HOPED HE WOULD HEAR SOMETHING FROM US BEFORE HE
LEFT FOR PARIS.

7. EMBASSY COMMENT: GEHRING APPEARS PREPARED
TO WORK QUITE CLOSELY WITH THE US IN DEVELOPING
A COMMON CREDITOR POSITION ON THE RESCHEDULING
ISSUES.

HILLENBRAND

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